

Oversight by the Board of Directors Questionnaire

	Yes	No		Yes	No
General Questionnaire			<i>Reporting of Loans from Correspondent Banks - 12 CFR Part 215, § 563.43, TB 64-1c</i>		
<i>Board of Directors - General Requirements</i>					
1. Is the composition of the board within the guidelines of § 563.33(a)?			7. Does the board of directors review the reports of indebtedness to correspondent banks that executive officers and principal shareholders and their related interests must annually submit to the board?		
2. Have all directors regularly attended directors' meetings during the year?.....					
3. Does the board of directors regularly review reports from the executive committee, audit committee, loan committee, other committees of the board, compliance personnel, and outside experts at board meetings?.....			<i>Safety and Soundness Standards - 12 CFR Part 570</i>		
4. Has each director had the opportunity to review and modify all minutes of board and committee meetings during the period prior to approval?			8. Does the board of directors and senior managers ensure that the system of internal control operates effectively?		
5. Are the minutes complete?			9. Does the association have an internal audit function that is appropriate to its size and the nature and scope of its activities?		
<i>Conflicts of Interest - 12 CFR § 563.200</i>			<i>Annual Independent Audits and Reporting Requirements - 12 CFR Part 363</i>		
6. Does the board of directors review each director's business and personal interests to ensure that the director does not advance his interests (or interests of others that the director has a personal or business relationship with) at the expense of the savings association?			10. This section only applies to associations where total assets at the beginning of the fiscal year are \$500 million or more:		
• Do board members furnish written conflict-of-interest representations annually?			• Has the board of directors established an independent audit committee?		
• Has any director engaged in any transaction with the association or its affiliates where the director received preferential treatment? (Apply particular emphasis to loan terms and instruments.)			• Does the committee review with management and the independent public accountant the basis for the reports that 12 CFR Part 363 requires?		
• Has any director engaged in any transaction with the association or its affiliates that give the appearance of a conflict of interest?			<i>Interest Rate Risk Management Procedures - 12 CFR § 563.176</i>		
			11. Does the board of directors (or a designated committee of the board) review the savings association's interest rate risk exposure? ..		
			12. Has the board of directors formally adopted a policy for the management of interest rate risk?		

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13. Does the board of directors periodically receive reports from management regarding implementation of the interest rate risk policy?			<i>Real Estate Lending Standards - 12 CFR § 560.101</i>		
14. Does the board of directors review the results of operations at least quarterly and make adjustments as necessary, including adjustments to the authorized acceptable level of interest rate risk?			21. Does the board of directors, at least annually, review and approve lending policies for extensions of credit secured by real estate?		
15. Does the board of directors review the results of operations at least quarterly and make adjustments as necessary, including adjustments to the authorized acceptable level of interest rate risk?			22. Do the lending policies reflect risk levels that are acceptable to the board and provide clear and measurable underwriting standards?		
<i>Financial Derivatives - 12 CFR § 563.172</i>			<ul style="list-style-type: none"> Do the institution's lending policies require that higher-risk credit extensions and unusual loans (as specifically defined in the policies) be presented to the board for final approval? 		
16. Has the board of directors established written policies and procedures governing authorized financial derivatives?			<ul style="list-style-type: none"> Were unusual loans and those exceeding ordinary risk presented to the board during the period, and did the board record their approval or disapproval in the minutes? 		
<i>Supervisory Policy Statement on Investment Securities and End-User Derivatives Activity</i>			<ul style="list-style-type: none"> In reviewing higher-risk loans, did the board explore efforts to minimize risk and limit the amount invested, and did the directors document their review in the minutes? 		
17. Has the board of directors approved major policies for conducting investment activities, including the establishment of risk limits? ...			<ul style="list-style-type: none"> Does the board review the status of all high-risk loans on a regular basis? 		
18. Does the board of review portfolio activity and risk levels, and require management to demonstrate compliance with approved risk limits?			<i>Appraisal Policies and Practices of Savings Associations and Subordinate Organizations - 12 CFR § 564.8, TB 55a</i>		
<i>Interbank Liabilities - 12 CFR § 206.3</i>			23. Has the board of directors developed, implemented, and maintained appraisal policies to ensure that appraisals reflect professional competence and reliable market value of the collateral?		
19. Does the board of directors annually review and approve the association's interbank liability policies and procedures?			24. Has the board of directors developed and formally approved written appraisal policies?		
<i>Payment Systems Risk - 12 CFR § 210.25</i>					
20. Does the board of directors control the risks of participation in the systems by establishing caps and reviewing policy compliance?					

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25. Does the board of director's annually review and approve appraisers for compliance with association policies, procedures and reasonableness of estimates?			<i>Client/Server Computer Systems - CEO Memo Number 59</i>		
26. Has the board of directors designated one or more persons as the association's environmental risk analyst and assisted in the development of the association's environmental risk policy?			32. Has the board of directors developed and adopted appropriate policies, practices or procedures covering management's responsibilities and controls for all areas of client/server computing activities?		
<i>Classification of Assets - 12 CFR § 560.160</i>			<i>Corporate Business Resumption and Information Systems Contingency Planning - CEO Memo Number 72</i>		
27. Does the board of directors ensure that management evaluates and classifies the association's assets on a regular basis in a manner consistent with or reconcilable to OTS's asset classification system?			33. Has the board of directors and senior management established policies and procedures to ensure that comprehensive corporate business resumption, contingency planning, and testing takes place?		
<i>Written Security Program - 12 CFR Part 528</i>			34. Does the board of directors annually review the adequacy of the association's business recovery and contingency plans and results of the tests, and document such review and approval in the board minutes?		
28. Has the board of directors developed and implemented a written security program for the association's main and branch offices? .			<i>Executive Compensation and Employment Contract Oversight - 12 CFR § 563.39</i>		
<i>Report of Condition - 12 USC § 1817(a)(3), TFR Instructions</i>			35. Does the board of directors annually review and approve all employment contracts and compensation arrangements for senior officers and directors?		
29. Do two or more members of the board of directors attest to the report?			36. Has the board of directors defined the duties and responsibilities of the institution's managing officer in writing?		
<i>Report of Examination - ROE Instructions</i>			37. For those bonus plans tied to the performance of the institution has the board established controls to prevent management from reporting short-term gains at the expense of long-term profitability?		
30. Do the directors review the report of examination and sign the Director's signature page for review during the next examination?			38. If the institution uses employment contracts, do they meet the requirements of § 563.39?		
<i>Guidelines for Developing Adequate Control Practices and Responsibilities for End-User Computing Operations - TB 29</i>					
31. Has the board of directors established appropriate policies that identify management responsibilities and control practices for all areas of information processing activities?					

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<i>Bond Coverage for Directors, Officers, Employees, and Agents - 12 CFR § 563.190</i>			<i>Retail Sales of Nondeposit Investment Products - TB 23-2</i>		
39. Does the board of directors formally approve and annually review and assess the association's standard and supplemental bond coverage?			41. Only applicable to associations that permit the sale of nondeposit investment products on their premises:		
			<ul style="list-style-type: none"> Does the board of directors ensure that customers receive disclosures about the nature and risk associated with nondeposit investment products? 		
<i>Retail On-Line Personal Computer Banking - CEO Memo Number 70</i>			<ul style="list-style-type: none"> Did the board of directors adopt and does the board of directors periodically update a written statement that addresses the risks associated with the association's sales program? 		
40. If the association is contemplating (or engaging in) retail personal computer banking, has the board of directors and management established a comprehensive program to manage the inherent risks associated with such activities?			<ul style="list-style-type: none"> If the association uses a third party that sells or recommends its nondeposit investment products, has the board of directors approved the agreement with the third party? 		

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